Gap between power generation cost and sale price

999. SHRI SANJAY RAUT: Will the Minister of POWER be pleased to state:

(a) whether there is a wide gap between the cost of power generation and the sale price of power to the consumers in the country;

(b) if so, the details thereof and the reasons therefor, State-wise; and

(c) the steps taken by Government to minimize the gap between per unit cost of power generation and its sale price to consumers?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI): (a) and (b) A statement indicating state wise details of power purchase cost (PP), average cost of supply (ACS) and gap between ACS & PP by distribution licensees/SEBs/Power Departments for the year 2007-08 is given in Annex*.

The distribution companies procure power for distribution to their consumers mainly from generating stations whose tariff is regulated by the State Electricity Regulatory Commission or the Central Electricity Regulatory Commission. The source of power generation and the mix of generation *viz.* coal, lignite, gas, liquid fuel, hydro, nuclear and renewable etc. vary from state to state and therefore there is wide variation in average cost of power procured by the various distribution companies. The selling price of power by the distribution company to the consumers is regulated by the concerned State Electricity Regulatory Commission and is based on the average cost of supply to a distribution licensee.

The average cost of supply consists of power purchase cost, transmission charges including technical transmission losses and distribution costs. The distribution cost, in turn, depends on factors like Aggregate Technical and Commercial (AT&C) losses, employee cost, O&M cost, interest on loan and working capital, depreciation, return on equity, administrative & general expenses and other miscellaneous expenses. As the weightage of the above factors varies from Distribution Company to Distribution Company, the average cost of supply also varies.

As can be seen from the Statement (*See* below), the gap between Average Cost of Supply and Power Purchase Cost varies in the range of Rs. 0.17/kwh to Rs. 1.87/kwh.

The main reason for the gap between the cost of supply and cost of power purchase by distribution companies is high AT&C losses.

(c) The gap between the sale rate of power by generating companies and the consumer tariffs is mainly on account of the high Aggregate Technical and Commercial (AT&C) losses of the State Electricity Boards (SEBs)/Power Utilities and the level of cross-subsidies. The SEBs/Power Utilities are under the jurisdiction of their respective State Governments and Regulatory Commissions. However, the Central Government has taken the following major initiatives in this regard:

(i) The Electricity Act, 2003 provides that the tariff will be regulated by the Electricity Regulatory Commissions on the basis of principles laid down in the Act, which, *inter-alia* include efficiency improvement and reduction of cross-subsidies.

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* *Source:* Power Finance Corporation

(ii) Theft is one of the main reasons of high AT&C losses. Legal provisions in Electricity Act, 2003 for dealing with theft of electricity have been further strengthened by the Electricity (Amendment) Act, 2007.

(iii) Emphasis is given on metering of feeders and supply to consumers for energy accounting and auditing for identifying the locations of high losses areas so that corrective measures can be taken.

(iv) Restructured Accelerated Power Development and Reforms Programme (APDRP) has been sanctioned for the XI Plan as a Central Sector Scheme. The focus of the programme is on actual demonstrable performance in terms of sustained loss reduction.

Statement

Gap between average cost of supply and power purchase cost

State	Utility	Average Cost of Power Purchase	Average Cost of Supply	Difference (4)–(3)
1	2	3	4	5
Bihar	BSEB	2.01	3.88	1.87
Jharkhand	JSEB	2.17	3.99	1.82
Orissa	CESCO	1.42	1.99	0.57
	NESCO	1.47	1.97	0.50
	SESCO	0.88	1.75	0.87
	WESCO	1.76	2.17	0.41
Sikkim	Sikkim PD	1.57	2.10	0.53
West Bengal	WBSEDCL	2.22	2.84	0.62
Arunachal Pradesh	Arunachal PD	1.46	2.76	1.31
Assam	CAEDCL	3.04	4.35	1.31
	LAEDCL	3.42	4.66	1.24
	UAEDCL	3.14	4.20	1.06
Manipur	Manipur PD	1.75	3.43	1.69
Meghalaya	MeSEB	1.28	2.41	1.13
Mizoram	Mizoram PD	2.04	3.30	1.26
Nagaland	Nagaland PD	1.82	3.62	1.80
Tripura	Tripura PD	1.03	2.51	1.48

1	2	3	4	5
Delhi	BSES Rajdhani	2.83	3.56	0.73
	BSES Yamuna	2.62	3.29	0.67
	NDPL	2.70	3.09	0.39
Haryana	DHBVNL	2.92	3.32	0.40
	UHBVNL	2.83	3.30	0.47
Himachal Pradesh	HPSEB	2.13	3.31	1.18
Jammu & Kashmir	J&KPDD	2.09	2.56	0.47
Punjab	PSEB	1.47	3.05	1.58
Rajasthan	AVVNL	2.68	3.20	0.52
	JDVVNL	2.61	3.11	0.50
	JVVNL	2.67	3.21	0.54
Uttar Pradesh	DVVN	2.36	2.81	0.45
	MVVN	2.55	3.08	0.53
	Pash VVN	2.55	2.90	0.35
	Poorv VVN	2.55	3.31	0.76
	KESCO	2.55	3.19	0.64
Uttarakhand	Ut PCL	1.74	2.04	0.30
Andhra Pradesh	APCPDCL	2.21	2.81	0.61
	APEPDCL	2.43	2.91	0.47
	APNPDCL	2.35	2.91	0.56
	APSPDCL	2.38	3.00	0.62
Karnataka	BESCOM	2.65	3.16	0.52
	GESCOM	2.10	2.66	0.57
	HESCOM	1.97	2.63	0.66
	MESCOM	2.42	3.14	0.72
	CHESCOM	1.89	2.50	0.61
Kerala	KSEB	1.26	3.00	1.74
Puducherry	Puducherry PD	1.94	2.11	0.17
Tamil Nadu	TNEB	1.90	3.25	1.34

1	2	3	4	5
Chhattisgarh	CSEB	0.99	2.20	1.21
Goa	Goa PD	1.77	2.09	0.33
Gujarat	DGVCL	3.22	3.53	0.31
	MGVCL	2.80	3.38	0.58
	PGVCL	2.17	2.55	0.38
	UGVCL	2.25	2.58	0.33
Madhya Pradesh	MP Madhya Kshetra VVCL	1.91	2.45	0.55
	MP Paschim Kshetra VVCL	2.14	2.66	0.52
	MP Purv Kshetra VVCL	2.11	2.76	0.65
Maharashtra	MSEDCL	2.16	2.66	0.49

Source: Power Finance Corporation

Supply of gas to NTPC

1000. SHRI PRASANTA CHATTERJEE:
SHRI TAPAN KUMAR SEN:

Will the Minister of POWER be pleased to state:

(a) whether Government has given any directive to NTPC to accept gas from KG-D6 basin at a rate of $4.2/mmbtu; and

(b) if so, the reasons for such a directive when NTPC is entitled to the gas at a rate of $2.34/mmbtu as quoted by KG-D6 gas supplier in response to an international bidding?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI): (a) No, Sir. Ministry of Power has not given any directive to NTPC to accept gas from KG-D6 basin at a rate of $ 4.2/mmbtu (Million Metric British Thermal Units). In fact, NTPC had requested Ministry of Power for allocation of additional gas, to mitigate the current gas shortage at its existing Gas based Stations, from KG-D6 Block out of 18 MMSCMD gas allocated to power sector by the Empowered Group of Ministers (EGOM). The requested allocation of this gas was without prejudice to NTPC's right and contention of the suit filed against RIL in the Hon'ble High Court of Judicature at Bombay for specific performance of the contract and subject to RIL to keep and not to sell the interim quantity of gas under the suit.

Out of 18 MMSCMD, EGOM have allocated 2.67 MMSCMD of KG-D6 gas, plant-wise to NTPC's existing gas-based power stations at approved gas price without prejudice to NTPC's suit in Bombay High Court.

(b) In view of above, does not arise.